

STATE OF VERMONT DEPARTMENT OF FINANCE & MANAGEMENT		
<b>Policy Title:</b>	<b>Irene Recovery – Procurement, Payment and Accounting Procedure</b>	<b>Policy #: IRENE 1</b> <b>Issue Date: 10/03/2011</b>
<b>Applicable to:</b>	Irene Involved Agencies/Departments (see Sec. B below)	<b>Revision #: 1.1</b> <b>Revision Date: 10/21/2011</b>
<b>Issued by:</b>	<b>James Reardon, Commissioner</b> <b>Department of Finance &amp; Management</b>	<b>Page 1 of 5</b>

#### **A. Policy Statement:**

State of Vermont agencies and departments will adhere to this Policy and the procedures contained herein, relating to all costs and damages resulting from the Tropical Storm Irene (Irene) flood event, including but not limited to: employee payroll costs; employee travel reimbursements; contracts; Purchase Cards (P-Cards); Purchase Orders; replacement of furniture, fixtures and IT equipment; vendor payments; cost tracking; other related expenses; and the documentation thereof.

#### **B. Applicability:**

State of Vermont departments and agencies which sustained Irene related: 1) damages to or loss of State real and personal property; disruption of operations; employee relocation needs; or had employees assigned to clean-up and/or recovery efforts; and 2) Statewide management and fiscal staff responsible for procurement, accounting operations, financial reporting, insurance and risk management, financial and federal audits, and/or other related responsibilities. While subject to this Policy and the intent of this document, the following departments and/or agencies have been granted limited administrative exceptions as follows:

- The Agency of Transportation (AOT) – exemption granted to AOT to manage and track all AOT related Irene costs though AOT's project tracking and accounting system;
- The Department of Forests, Parks & Recreation (FPR) – exemption granted to manage and track all costs, contracts and payments for repair of Irene related damage solely to FPR forest highways, recreation trails, and parks infrastructure;
- The Department of Environmental Conservation (DEC) - exemption granted to manage and track all costs, contracts and payments related to Irene caused: home and commercial above-ground storage tanks (AST) oil spills as part of the Petroleum Clean-Up Program and Fund; and various hazardous material spills as part of the Environmental Contingency Program and Fund;
- The Department of Fish & Wildlife (F&W) – exemption granted to manage and track all costs, contracts and payments for repair of Irene related damage solely to non-Waterbury property (not including building structures) at Roxbury Fish Culture Station, Kent and Colton Pond Access Areas, Dams and wildlife management area (WMA) roads and access area boat ramps;
- The Department of Public Safety (DPS) – exemption granted to manage and track payment of invoices from VT Sherriff's, local municipal police departments, VT Military, other National Guard Units, other States, and other non-State entities/organizations which, at the request of DPS and/or Vermont Emergency Management (VEM) provided services during the initial Irene emergency response.

#### **C. Background:**

On August 28, 2011 the State of Vermont's citizens, businesses, state buildings and state operations incurred severe damage and loss as a result of Irene. The resulting federal disaster declaration, for all 14 Vermont Counties, made the State eligible for emergency federal funding from the Federal Emergency Management Agency (FEMA) and other federal agencies. In addition, the state's property insurance policy was activated and will play a role in funding recovery costs for insured state property and eligible costs associated with the aftermath of Tropical Storm Irene. This document is intended to promulgate the policy and procedures necessary for the State to receive the maximum insurance proceeds and federal funds assistance available to the State; and to accurately and appropriately document and account for all related expenditures in a form that meets the requirements of the

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insurance carrier and FEMA in order to prevent the loss or disallowance of insurance proceeds and federal reimbursements of expenditures, and/or future material audit findings.

#### **D. Procedures:**

These procedures shall be adhered to from the date of issuance of this document until the end of Irene related financial and audit activity. In recognition of the fact that liabilities have been incurred, expenditures made, and contracts executed as part of the initial emergency response and clean-up or recovery activities to date, special directions are included concerning previously committed and/or expended costs.

##### **a. Procedures for Departments/Agencies/Others:**

1. The State's Procurement and Contracting Procedures, as defined in the Agency of Administration Bulletin 3.5, including Addendums, remain applicable to all Irene procurements, including defined emergency waiver procedures, subject to the approval of the Secretary of Administration. Irene is not a justification to violate State policy and procedure.
2. All purchases of replacement IT hardware/software/services and wiring and phone hook-up must be arranged with the pre-approval of the Department of Information & Innovation.
3. All contracts not yet fully executed must be transferred to BGS Purchasing for finalization and execution, except contracts related to those costs exempted in Section B.
4. All purchases of desks, furniture, work stations, chairs, file cabinets, copiers, etc. must be made through BGS Purchasing utilizing the existing statewide contracts whenever possible.
5. Only the Department of Buildings & General Services may enter into leases for temporary or permanent office space necessary to house employees and State operations previously located in space damaged and/or closed due to Irene.
6. For costs previously incurred and paid by departments (IT, hardware/software/services, wiring, phone hook-up, employee office relocation expense, furniture, office equipments, etc.), a detailed list of expenditures, including copies of the contracts, paid invoices, POs, delivery receipts, P-Card slips, etc, must be sent to the [Agency of Administration \(AoA\) Financial Services, Attn: Paul Rousseau, 6 Baldwin Street, Montpelier VT 05633](#);
7. All existing unpaid invoices and those received in the future for incurred Irene related costs must have been reviewed and properly coded by the department and signed by a currently authorized signer; coding includes all necessary VISION chartfields including Irene Class Code. Invoices and other documents related to incurred Irene related costs in departments should be bundled and must be sent to AoA Financial Services on a weekly basis: [Agency of Administration \(AoA\) Financial Services, Attn: Paul Rousseau, 6 Baldwin Street, Montpelier VT 05633](#);
  - a. All supporting backup must be attached to the invoice; this is critical as auditors for the insurance carrier, FEMA and other federal agencies will be reviewing the backup for coverage eligibility.
  - b. A summary Excel template will be forwarded under separate cover with examples of the types of documentation required for supporting backup detail. As the insurance auditors or FEMA representatives review submitted invoices and detail, requests may be made directly to departments or agencies by the Commissioner of Finance & Management or designee, to obtain from the vendor or other party additional documented backup and substantiation.

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8. All expenses associated with Irene must be coded using the proper VISION Irene Class Code, by event location; including Irene related employee payroll and expense reimbursement. The proper coding of Irene related payroll and expense reimbursement is the responsibility of the department to which the employee is assigned. The initial Irene Class Codes were introduced in Commissioner Reardon's coding memos of September 8 and 15, 2011. However, Irene Class codes have been added subsequent to the memos; a list is available on the Department of Finance & Management at:  
[http://finance.vermont.gov/training\\_ref/chartfields](http://finance.vermont.gov/training_ref/chartfields).
9. If a class code is not listed and you feel one should be available, please contact Financial Operations (FinOps) at: [VISION-ChartfieldRequests@state.vt.us](mailto:VISION-ChartfieldRequests@state.vt.us) to request an additional class code. Although the rule of thumb is "if in doubt, code it to Irene" by location, FinOps, in discussion with BGS Risk Management, may determine that a new class code is not warranted, or that the costs do not meet the criteria for Irene tracking.
10. **Volunteer Time:** For those agencies/departments that had or will have volunteers (unpaid) working on clean-up, recovery, etc., we recommend that you keep track of the hours of volunteer labor, as best you can. Although unpaid, these hours can later be valued and hopefully used as "soft" match for FEMA or other federal funds. The more detailed the back-up, the better the chances are that we may be able to use the imputed value as "match". Valid records would include: dated sign-in sheets for volunteers, hours by volunteer, and a description of volunteer activity.
11. **Statewide Cost Consolidation:** The Department of Finance and Management has assigned a Budget Analysts to track consolidated costs statewide, related to Irene. Please use the template (described in item D(a)(7)(b) above, when available, to track all costs that remain with your department (i.e. paid costs not reimbursed by AoA-FS). Finance will send more detailed instructions about the periodic submission of the tracking spreadsheet under separate cover. Cost tracking responsibility is as follows:
  - a. **AOT:** All Irene related transportation project costs, including AOT employee salary, overtime and expense reimbursement;
  - b. **FPR:** All Irene related forest highway and park infrastructure repair project costs, and FPR employee salary, overtime and expense reimbursement coded with Irene class codes and project numbers;
  - c. **DPS:** All Irene related payments to Sheriffs and local municipal police departments, and DPS employee salary, overtime and expense reimbursement coded with Irene class codes;
  - d. **All Other Departments:** State employee salary, overtime and expense reimbursement related to Irene and coded with Irene class codes;
  - e. **AoA Financial Services:** All State real and personal property costs related to Irene, and AoA employee salary, overtime and expense reimbursement related to Irene and coded with Irene class codes;
  - f. **Finance & Management:** Consolidated tracking of all Irene related costs.

***b. Procedures for AoA Financial Services:***

12. AoA Financial Services (AoA-FS) will use a Project Code tracking system for Irene costs. Currently, Project Codes include: "Irene-BGS", "Irene-DHR", and "Irene-DII". Other Project Codes such as "Irene-ACCD", "Irene-ANR", "Irene-Agric", etc. will be added as necessary. (Project codes are limited to business units and cannot be used statewide.)

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13. AoA-FS will assign a project code to the invoices to be paid and pay the bill out of the following Internal Service Funds: Fee for Space – Fund 58800; Property Management – Fund 58700; or DII – Fund 58100.
14. The Class Code will determine the event location to which the costs relate.
15. The project code will differentiate the source agency/department for the costs.

***c. Goals and Objectives:***

16. All payments, except for employee payroll & expense claims and all supporting documentation will be centralized in the AoA FS offices, with the exception of documentation related to those costs exempted in Section B above.
17. During the insurance settlement and FEMA claims processes, the insurance carrier's auditors and FEMA representatives will have easy and complete access to the records.
18. All records will be created to satisfy audit requirements, regardless of whether the auditors are State, federal or outside auditors.
19. AoA-FS will procure a locking/fire proof file cabinet for the records and locate the cabinet in the AoA-FS offices until otherwise directed by the Commissioner of Finance & Management.
20. Funding to pay invoices will be made from the internal service funds (ISF) noted in #13 above; ISFs have the necessary authority to spend against anticipated receipts from the insurance carrier and/or FEMA. This will prevent Irene expenses from draining departments/agencies regular operating appropriations; this will limit the need for multiple Irene Budget Adjustments for FY 2012.
21. Once the insurance claim(s) are settled and FEMA eligible funding has been determined, and with the approval of the Vermont Emergency Board, the appropriate insurance proceeds and the related FEMA funds received will be transferred to BGS-Fee for Space, BGS-Property Management, or DII to refund these expenses. The Secretary of Administration or designee will determine how to allocate any remaining expenditures not covered by insurance proceeds or FEMA funding. Possible solutions could be Budget Adjustment, increased annual allocation for the shared costs, or specific increase in allocation based on event locations for certain agencies/departments.

***d. Special items:***

22. **Department/agency contracts:** When entered into the VISION system, all Irene related contracts must have the "Corporate Contract" option check box selected in the header record; this will allow AoA-FS to process payments against these contracts. AoA-FS is hereby authorized to pay expenditures against any Irene related VISION contract by use of approved Purchase Orders. AoA Finance will notify the department/agency when such activity begins in the VISION system.
23. **Purchasing Card:** Departments that used P-Cards to purchase items related to Irene, shall "short pay" their P-Card bill, paying only for those items NOT Irene-related. They will then send the P-Card bill with the Irene items highlighted and supporting backup attached with coding sheet to AoA-FS; AoA-FS will pay the remaining P-Card invoice balance from one of the three ISFs (Fee for Space, Property Management, or DII).
24. **Combination Vendor Invoices:** As with P-Cards, departments that receive invoices from vendors that contain both Irene related and non-Irene related charges, shall "short pay" these invoices, paying only for those items NOT Irene-related. They will then send the invoice with the Irene items highlighted and

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supporting backup attached with proper coding to AoA-FS; AoA-FS will pay the remaining invoice balance.

25. **Paid Items-to-Date:** If departments or agencies already paid non-payroll/employee expense claims, the original paid invoice with supporting documentation shall be sent to AoA-FS; AoA-FS will *reimburse* the departments from either Fee for Space, Property Management, or DII. Please refer to VISION Procedure #7 – Inter-Unit Reimbursement Transfers Non-Budgeted” for information. Expenses and records will now reside with AoA FS. Departments should maintain copies of these invoices and backup documentation for their records.

#### **E. Revisions:**

This Policy is subject to revision as deemed necessary by the Commissioner of Finance & Management or designee; revisions will be issued and disseminated by email and posted on the Finance & Management website at:

[http://finance.vermont.gov/policies\\_procedures](http://finance.vermont.gov/policies_procedures)

#### **F. Expiration:**

The Policy and Procedures contained herein remain in effect until the completion of any and all audit cycles containing Irene related expenditures and/or receipts.